

FISCAL MEMORANDUM
HB 1797 – SB 2003

May 24, 2007

SUMMARY OF AMENDMENTS (006322, 007072, 007541):

Amendment 006322 changes the “Tennessee Agricultural Ethanol Production Act of 2007 (TAEPA)” from a three-year pilot program to a two-year pilot program. Amendment 007072 adds new language to the TAEPA prohibiting taxpayers (dealers of gasoline sold to end users) from receiving ethanol blended gasoline tax credits who are members of the General Assembly, or are a part of a member’s immediate family. In addition, prohibits any entity from receiving ethanol blended gasoline tax credits in which a member of the General Assembly, or such member’s immediate family, has an ownership interest exceeding 1% of the outstanding stock of the taxpayer. Amendment 007541 adds new language to the TAEPA prohibiting a taxpayer from receiving ethanol blended gasoline tax credits when such taxpayer purchases ethanol produced by an entity in which a member of the General Assembly, or such member’s immediate family, has an ownership interest exceeding 1% of the outstanding stock of the ethanol producer.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenues – \$1,672,500 – FY07-08
\$3,345,000 – FY08-09
\$3,345,000 – FY09-10
\$1,672,500 – FY10-11

Increase State Expenditures - \$100,000 One-Time

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Decrease State Revenues – \$1,672,500 – FY07-08
\$3,345,000 – FY08-09
\$1,672,500 – FY09-10

Increase State Expenditures - \$100,000 One-Time

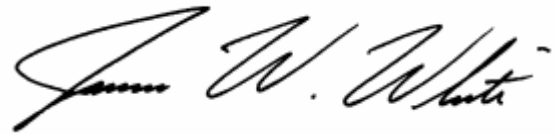
Assumptions applied to amendments:

- “Immediate family” means a spouse, child, step-child, brother, sister, son-in-law, daughter-in-law, parent, or grandparent.

- No dealers or producers of ethanol are General Assembly members, or are immediate family of General Assembly members.
- Changing the TAEPA from a 3-year pilot program to a 2-year program eliminates one year of proposed tax credits estimated to be \$3,345,000.
- First- and last-year impacts are estimated at 50% of full-year impact due to the January 1 effective date.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc